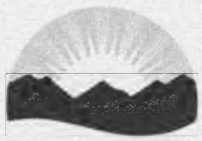
Ministry of Finance

2015/16 – 2017/18 SERVICE PLAN

February 2015



BRITISH COLUMBIA

For more information on the British Columbia
Ministry of Finance,
see Ministry Contact Information on Page 18 or contact:

Ministry of Finance
PO BOX 9417
STN PROV GOVT
VICTORIA, BC
V8W 9V1

or visit our website at
www.gov.bc.ca/fin

Published by the Ministry of Finance

Minister Accountability Statement

The *Ministry of Finance 2015/16 – 2017/18 Service Plan* was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which this plan has been prepared and for achieving the specific objectives in this plan.

I wish to thank the incredibly dedicated staff at the Ministry of Finance. I am proud to work, every day, with such a committed team of professionals.

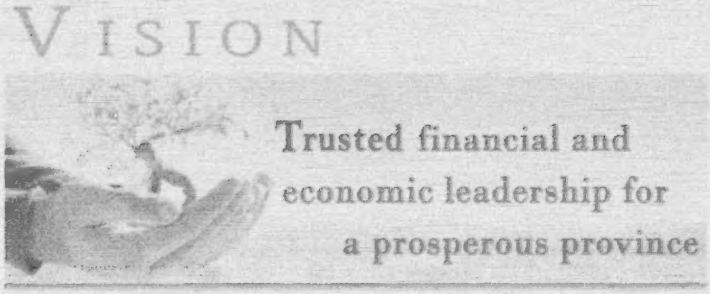
Honourable Michael de Jong
Minister of Finance
February 17, 2015

Table of Contents

Minister Accountability Statement 3
Purpose of the Ministry 5
Strategic Context 6
Goals, Objectives, Strategies and Performance Measures 8
Resource Summary 15
Appendices 18
Appendix A: Ministry Contact Information 18
Appendix B: Hyperlinks to Additional Information 19
B.C. Public Service Agency 20
Purpose of the Agency 20
Strategic Context 20
Goals, Objectives, Strategies and Performance Measures 22
Resource Summary Table 25
Appendices 26
B.C. Public Service Agency Contact Information 26
Legislation Administered by the Agency 26
The Public Sector Employers' Council and Employer Associations 27

Purpose of the Ministry

The Ministry of Finance plays a key role in establishing, implementing and reviewing government's economic, fiscal, financial management and taxation policies.



More specifically, the Ministry is responsible for:

- Government's economic forecasting, fiscal planning, budgeting and reporting;
- Government's economic, fiscal and taxation policy;
- Tax and non-tax revenue administration and loan administration and collection;
- Oversight of financial, procurement and administrative governance for the broader public service (ministries, crown agencies and the schools, universities, colleges and hospitals (SUCH) sector);
- Banking, accounting, and risk and debt management services for government;
- Policy development for the gaming, financial, corporate and real estate sectors in British Columbia; and
- Regulation of the gaming, financial services and real estate sectors, and administration of the B.C. credit union deposit insurance fund.

The Minister of Finance is also accountable for the B.C. Public Service Agency (see pages 20-26), Public Sector Employers' Council (see pages 27-28), B.C. Securities Commission, B.C. Lottery Corporation, and Partnerships B.C.[1]

For Ministry reports and a listing of the legislation administered by the Ministry, please see page 19 for links to this information.

[1] For more information refer to: www.bcpublicserviceagency.gov.bc.ca/ (B.C. Public Service Agency); www.fin.gov.bc.ca/psec/ (Public Sector Employers' Council); www.bcsc.bc.ca/ (B.C. Securities Commission); www.bclc.com (B.C. Lottery Corporation); www.partnershipsbc.ca/index.php (Partnerships B.C.).

Strategic Context

The Economy
The Economic Forecast Council expects British Columbia's real GDP to grow by 2.6 per cent in 2015 and 2.8 per cent in 2016. Downside risks to BC's economic outlook include the potential for a slowdown in domestic and US activity, ongoing fragility in Europe, and slower than anticipated Asian demand. Additional risks include a fluctuating Canadian dollar and weak inflation, in part due to lower oil prices.

Fiscal Responsibility
B.C. continues to be more resilient than other jurisdictions in meeting the challenges of global economic uncertainty. The ministry supports government's commitment to delivering balanced budgets this fiscal year and into the future. Specific measures include a continued focus on reductions in discretionary spending across government, such as travel spending, prudent management of human resource levels across government, and the successful conclusion of long-term and affordable wage mandates with public sector organizations, as well as strategically targeted government investments to build and sustain the sectors that support the economy, while protecting health care, education and services for British Columbians. These measures send a strong signal to international bond rating agencies which continue to reward the Province with a triple-A credit rating.

Government Priorities
The government has identified a strong economy and a secure tomorrow as major priorities over the next several years. In June 2014, each minister was given a formal "mandate letter" that identifies both government-wide and ministry specific priorities and initiatives they will deliver. This service plan includes the priorities and initiatives that were outlined in the Minister of Finance's mandate letter[2]. Additionally, the ministry is supportive of and compliant with the *Taxpayer Accountability Principles*[3].

The Ministry of Finance is committed to contributing to government's priorities by:

- Introducing and delivering on a balanced budget, focused on prudent fiscal management of all government funds and rigorous expenditure management control.
- Ensuring that Crown Agency reviews continue and are regularly undertaken by the Internal Audit team for Crown corporations and other designated organizations.
- Protecting the province's credit rating by maintaining creditor, investor and consumer confidence. This is important for keeping borrowing costs as low as possible and for attracting investment and creating jobs.
- Continuing to explore opportunities to issue B.C. bonds in the Renminbi and other world bond markets, and to aggressively promote Vancouver as a global Renminbi trading centre.
- Ensuring a fair, effective and competitive tax, benefit and regulatory environment that

[2] The specific action items in the minister's mandate letter are included in this section and in specific strategies under the various goals outlined later on in the plan. For more information refer to:
http://www.gov.bc.ca/premier/cabinet_ministers/michael_dejong_mandate_letter.pdf
[3] For more information, refer to:
http://www2.gov.bc.ca/gov/DownloadAsset?assetId=B613CF138959439D9A947CF3D586FE6B&filename=taxpayer_accountability_principles.pdf

increases confidence in government, attracts and retains personal and business investment, and funds provincial programs and services for British Columbians.

- Creating a Prosperity Fund that will see a portion of new provincial revenues from Liquefied Natural Gas used to help maintain low tax rates for individuals and families living and working in British Columbia, make investments in services like health care and education, and contribute to eliminating the province's debt over time, thereby lessening the burden on future generations.
- Supporting Government's commitment to ensuring a common platform of compensation and accountability principles is implemented across the broader public sector.

Gaming

The ministry is responsible for policy and regulatory oversight of the gaming sector in British Columbia, including the B.C. Lottery Corporation (BCLC), charitable gaming, horse racing and the commercial gaming industry. The increasing complexity and evolution of gaming poses new policy, regulatory and enforcement challenges, including casino-style games offered over the internet and gaming on mobile devices. This evolving gaming sector requires the ministry to continue to anticipate and adapt to change by ensuring a modernized policy framework, modernized technologies, and the alignment and allocation of resources to focus on risks, opportunities and priorities.

Goals, Objectives, Strategies and Performance Measures

Goal 1: Sound and transparent management of government finances

Confidence in British Columbia's economy is important for attracting investment and creating jobs, and is supported by a sound and sustainable fiscal environment. Responsible fiscal policies ensure that the government can maintain and enhance the delivery of key public services and that the costs of public services are not passed on to future generations. Public confidence is further enhanced by open accountability that demonstrates the appropriate management of government finances.

Objective 1.1: Effective management of government's fiscal plan

The government's ability to achieve a sustainable fiscal environment relies on the development and maintenance of a prudent and resilient fiscal plan. The Ministry plays a critical role in overseeing the fiscal plan and works closely with the federal government, provincial ministries and other public sector partners to ensure that government's annual and three-year revenue, and operating and capital expenditure targets are met.

Strategies

- Continuously monitor revenues, spending and debt set out in the fiscal plan[4], and take corrective action as required to meet targets.
- Identify and propose options for legislation to Cabinet to create the Prosperity Fund into which a portion of new provincial revenue from Liquefied Natural Gas development will flow.
- Ensure effective cash management to minimize borrowing requirements and debt service costs.
- Continue to explore economic opportunities to issue British Columbia bonds in the Renminbi and other world bond markets.
- Manage government's 10 year capital plan ensuring strategic investments in infrastructure, including hospitals, roads and schools, across the province reflect the priorities of government as outlined in *Strong Economy, Secure Tomorrow*.

[4] For more information refer to: http://www.bcbudget.gov.bc.ca/default.htm

Performance Measure 1: Provincial credit rating

Performance Measure	2014/15 Forecast	2015/16 Target	2016/17 Target	2017/18 Target
Provincial credit rating	triple-A	triple-A	triple-A	triple-A

Data Source: Moody's Investors Service and/or Standard and Poor's (Credit Rating Agencies).

Discussion

This measure is the provincial credit rating determined by Moody's Investors Service and/or Standard and Poor's, both recognized as independent credit rating agencies. This credit rating influences the interest rate that the Province is charged when it borrows in domestic and international capital markets. Credit ratings are provided in descending alphabetical order from A to C – highest to lowest. Triple-A is the highest possible rating and it is provided only to those public and private sector organizations that are assessed as borrowers with excellent financial security and pose low risk for investor loss. Organizations with a triple-A credit rating are generally offered the lowest interest rates when borrowing.

In determining the Province's credit rating, rating agencies evaluate debt as a percentage of Gross Domestic Product (GDP) and of revenues, and interest owing as a percentage of gross receipts. Agencies also consider the government's track record in meeting its fiscal targets, its transparency in budgeting and reporting, the economic outlook, and business and consumer confidence in the economy. With government's continued focus on prudent fiscal management, it anticipates maintaining its triple-A credit rating.

Performance Measure 2: Budget deficit / surplus

Performance Measure	2014/15 Forecast	2015/16 Target	2016/17 Target	2017/18 Target
Budget deficit / surplus	$879M surplus	As set out in government fiscal plan	As set out in government fiscal plan	As set out in government fiscal plan

Data Source: British Columbia Budget and Fiscal Plan.

Discussion

This measure reflects the Ministry of Finance's overall success in implementing the government's fiscal plan. Specifically, the government will continue to uphold its commitment to deliver a balanced budget in 2015/16 and for future years.

Objective 1.2: Accountable, efficient and transparent financial and program management across government

The Ministry supports accountability and transparency through the public release of financial and program information, and a variety of governance frameworks that apply to ministries and the broader public sector. The successful implementation of effective governance frameworks supports increased value for use of public funds and contributes to public confidence in government. To facilitate the application of these frameworks, the Ministry supports government with tools and training to build necessary capacity.

Strategies

- Provide governance and oversight to:
  - Ensure all government entities (e.g. ministries, Crown agencies, etc.) are publicly accountable for their programs, services and fiscal management, including implementing the common taxpayer accountability principles, and continuing Crown Reviews for Crown corporations and other designated organizations.
  - Ensure appropriate financial and program management, systems and guidance are in place for the broader public service.
- Use risk-based approaches to effectively manage government's resources.
- Undertake strategic reviews of government business processes to identify opportunities to maximize efficiency.
- Meet statutory reporting requirements and comply with generally accepted accounting principles (GAAP).[5]

Performance Measure 3, 4 and 5: Annual Release Dates for Budget and Public Accounts, and Audit Opinion

Performance Measure	2014/15 Forecast	2015/16 Target	2016/17 Target	2017/18 Target
Release date of the *Budget*	February 18, 2014	February 17, 2015	By legislated due date	By legislated due date
Completion date of the *Public Accounts*[1]	On or before June 30, 2014	On or before June 30, 2015	On or before June 30, 2016	On or before June 30, 2017
Audit opinion	Public Accounts in compliance with GAAP	Public Accounts in compliance GAAP	Public Accounts in compliance with GAAP	Public Accounts in compliance with GAAP

Data Source: Release of the *Public Accounts*.

[1] The legislated due date for the release of the *Public Accounts* is August 31st for the previous fiscal year.

[5] The government of British Columbia adheres to generally accepted accounting principles for senior Canadian governments as identified by the Public Sector Accounting Board.

Discussion

The first two measures capture the timeliness of government budgeting and financial reporting. Timely release of financial information is critical for effective use of the information and helps instill public confidence in government's ability to manage its resources. The *Budget Transparency and Accountability Act* requires the release of the Province's budget by the third Tuesday of February in the immediately preceding fiscal year and the Province's financial statements (*Public Accounts*) by August 31 following each fiscal year end.

The third measure is an indication of government's transparency in accounting for its finances. In preparing the *Public Accounts*, the Ministry strives to provide an open, accurate and fair representation of the government's financial position in accordance with generally accepted accounting principles (GAAP). To validate this position, government seeks an independent audit opinion that offers an objective assessment of its financial reporting.

Goal 2: A strong, competitive and vibrant economy

Objective 2.1: A fair and competitive tax and regulatory environment

A tax system that is perceived by British Columbians to be fair increases their confidence in government. Furthermore, the Province's ability to develop a strong and vibrant economy depends on a tax and regulatory environment that is both nationally and internationally competitive. Jurisdictions with competitive tax regimes and regulatory frameworks are successful in attracting and retaining personal and business investment. This success in turn enhances economic development and generates stable revenues to support critical government services such as health care and education.

Strategies

- Support the *B.C. Jobs Plan*[6] through tax initiatives, fiscal responsibility, and the elimination of red tape in order to foster an environment that encourages economic growth and business success.
- Continue to improve the fairness, competitiveness and sustainability of the provincial tax system.
  - Review and implement all tax changes including small business tax reductions and tax credits for teachers and parents that were promised in *Strong Economy, Secure Tomorrow*.
  - Continue to consider and implement the recommendations of the Tax Competitiveness Panel.
  - Work with the Ministers of Finance of Ontario and Quebec to secure an agreement on a consistent and competitive film industry tax credit regime.
  - Review the impacts of the carbon tax on British Columbian manufacturers and provide options to Cabinet on how to address these impacts.

[6] For more information refer to: http://www.bcjobsplan.ca/

- Ensure financial and corporate regulatory frameworks are efficient and effective, and protect the public interest.
- Undertake investor tours to promote British Columbia as a good place to invest as a result of our fiscal discipline and competitive tax environment.
- Promote participation of Vancouver in Canada's offshore Renminbi centre for North America and continue to support Schedule III banks, including Asian lending institutions, wishing to locate their offices in British Columbia.
- Advance B.C.'s interests with the federal and other provincial governments on federal-provincial fiscal relations.
    - Continue to pursue a Cooperative Capital Markets Regulator for Canada that protects British Columbia's interests and ensures the B.C. securities industry is not negatively impacted.

Performance Measure 6, 7 and 8: Provincial Income Tax Ranking

Performance Measure	2014/15 Forecast	2015/16 Target	2016/17 Target	2017/18 Target
Provincial ranking of corporate income tax rates	Second lowest	Remain in the lowest four	Remain in the lowest four	Remain in the lowest four
Provincial ranking of personal income tax rates for the bottom tax bracket	Second lowest	Remain in the lowest two	Remain in the lowest two	Remain in the lowest two
Provincial ranking of personal income tax rates for the second-from-bottom tax bracket	Lowest	Remain in the lowest two	Remain in the lowest two	Remain in the lowest two

Data Source: Published legislation and budgets from all 10 provinces.

Discussion

The measure of the provincial ranking of corporate income tax rates compares the general corporate income tax rate in British Columbia, as of March 31 each year, to those of other provinces in Canada. The targets reflect government's commitment to maintaining a competitive tax environment that fosters economic growth by encouraging business investment and promoting a business-friendly environment.

The two measures of the provincial ranking of personal income tax rates provide a comparison of British Columbia's personal income tax rates for the bottom two tax brackets, as of March 31 each year, with those of the other nine provinces. These targets demonstrate government's commitment to maintaining low tax rates for individuals and families living and working in British Columbia.

Objective 2.2: Responsive, effective and fair revenue, tax and benefit administration that funds provincial programs and services

The Ministry manages revenue in relation to statutes it directly administers, as well as statutes administered by other ministries.[7] These revenues support the provision of important government programs and services such as health care, education, social services and transportation infrastructure for British Columbians.

The Ministry is committed to identifying and collecting amounts owed to government in a manner that is fair and respectful to citizens and taxpayers.

Strategies

- Simplify and streamline tax and other revenue legislation administration.
- Improve customer service through increased access to online services.
- Focus compliance activities on areas with the highest risk of non-compliance.
- Explore further opportunities for applying technological solutions to improve compliance and enforcement activities.
- Improve collaboration across jurisdictions to help ensure tax revenue owed to the Province is identified and received in a timely manner.
- Improve practices used to collect outstanding amounts owed to government.
- Continue to consolidate government revenue management.

Performance Measure 9: Per Cent of Amounts Owed to Government Paid or Collected

Performance Measure	2014/15 Forecast	2015/16 Target	2016/17 Target	2017/18 Target
Per cent of amounts owed to government paid or collected[1]	94.45%	95.70%	Maintain	Maintain

Data Source: Ministry of Finance business information systems.

[1]This measure includes all amounts owed to government and administered by the Ministry of Finance. Amounts owed to government include revenue identified during the fiscal year and overdue accounts from the current and previous fiscal years. These amounts may be billed by the Ministry, self-assessed by individuals and businesses, or identified by the Ministry through audit and compliance activities.

Discussion

This measure reports on the success of the Ministry in collecting all amounts under its administration owed to government in a specific fiscal year. This measure includes amounts owed to government where the Ministry is responsible for both revenue and debt collection functions. It excludes revenue and debt collections for personal and corporate income tax collected by the Canada Revenue Agency

[7] See Appendix B: Hyperlinks to Additional Information.

on behalf of the Province. As a result, this measure reflects approximately 50 per cent of revenue overseen by the Ministry.

Goal 3: The public has confidence in B.C.'s gaming sector

Commercial gaming in B.C. is a $2.7 billion a year industry, contributing $1.2 billion annually to government revenue to support health care, education, social programs, local governments and thousands of community organizations. The Ministry ensures that gaming in the province is conducted responsibly and with integrity for the benefit of British Columbians.

Objective 3.1: Appropriate policy, oversight and regulation of gaming

The Ministry of Finance develops policy and standards that regulate the gaming sector, ensuring the appropriate licensing, registration and certification of people and companies involved in the gaming sector, gaming activities comply with regulations, and gaming is delivered in a manner that supports responsible gambling and informed choice.

Strategies

- Ensure policies and standards support the integrity of gaming and provide a foundation for assessing compliance.
- Ensure a multidisciplinary, collaborative approach to identify and evaluate strategic challenges and opportunities, and implement timely responses.
- Align activities and services to reflect current and emerging gaming sector trends, and focus resources on business priorities, and areas of opportunity and greatest risk.
- Implement the Internal Audit and Advisory Services (IAAS) recommendations resulting from the *Review of British Columbia Lottery Corporation*[8].

Performance Measure 10: Gaming sector compliance with policies and standards

Performance Measure	2014/15 Baseline	2014/15 Forecast	2015/16 Target	2016/17 Target	2017/18 Target
Gaming sector compliance with policies and standards	Establish baseline	Not applicable	TBD	TBD	TBD

Discussion

During 2015/16, the ministry will analyze existing compliance data, determine areas of highest risk to gaming integrity, and develop a performance measure and future year targets to support the ongoing monitoring of gaming sector compliance with established policies and standards.

[8] The full report is available at: http://www.fin.gov.bc.ca/ocg/ias/pdf_docs/Review%20of%20BCLC.pdf.

Resource Summary

Core Business Area	2014/15 Restated Estimates[1]	2015/16 Estimates[2]	2016/17 Plan	2017/18 Plan
Operating Expenses ($000)				
Treasury Board Staff	6,709	6,713	6,715	6,721
Office of the Comptroller General	19,908	18,545	18,608	18,709
Treasury	1	1	1	1
Revenue Division				
Gross	204,922	210,826	211,813	212,537
Recoveries[2]	(140,356)	(127,250)	(127,252)	(127,257)
Net	64,566	83,576	84,561	85,280
Policy and Legislation	4,975	4,979	4,981	4,987
Public Sector Employers' Council Secretariat	16,640	16,641	16,642	16,645
Internal Audit and Crown Governance	3,164	3,166	3,168	3,171
Executive and Support Services	11,398	11,241	11,279	11,364
Gaming Policy and Enforcement	19,819	19,872	19,907	19,986
Insurance and Risk Management Account				
Gross	53,622	53,622	53,622	53,622
Recoveries[3]	(49,431)	(49,431)	(49,431)	(49,431)
Net	4,191	4,191	4,191	4,191

Core Business Area	2014/15 Restated Estimates[1]	2015/16 Estimates[2]	2016/17 Plan	2017/18 Plan
Provincial Home Acquisition Wind Up special account[4]	10	10	10	10
Total	**151,381**	**168,935**	**170,063**	**171,065**
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)				
Executive and Support Services	711	473	310	310
Total	**711**	**473**	**310**	**310**
Other Financing Transactions ($000)				
Reconstruction Loan Portfolio				
Receipts	(12,500)	(10,000)	(9,500)	(9,000)
Disbursements	400	25	-	-
Net Cash Requirements (Source)	**(12,100)**	**(9,975)**	**(9,500)**	**(9,000)**
StudentAid BC Loan Program				
Receipts	(100,000)	(115,000)	(115,000)	(115,000)
Disbursements	230,000	230,000	230,000	230,000
Net Cash Requirements (Source)	**130,000**	**115,000**	**115,000**	**115,000**
International Fuel Tax Agreement (*Motor Fuel Tax Act*)				
Receipts	(13,579)	(14,000)	(14,000)	(14,000)
Disbursements	2,456	2,550	2,550	2,550
Net Cash Requirements (Source)	**(11,123)**	**(11,450)**	**(11,450)**	**(11,450)**

Core Business Area	2014/15 Restated Estimates[1]	2015/16 Estimates[2]	2016/17 Plan	2017/18 Plan
Land Tax Deferment Act				
Receipts	(58,000)	(58,000)	(58,000)	(58,000)
Disbursements	120,000	120,000	120,000	120,000
Net Cash Requirements (Source)	**62,000**	**62,000**	**62,000**	**62,000**
Provincial Home Acquisition Wind Up special account				
Receipts	(18)	(10)	(10)	(10)
Net Cash Requirements (Source)	**(18)**	**(10)**	**(10)**	**(10)**

[1] For comparative purposes, amounts shown for 2014/15 have been restated to be consistent with the presentation of the *2015/16 Estimates*.

[2] Further information on program funding and vote recoveries is available in the Estimates and Supplement to the Estimates. (http://www.bcbudget.gov.bc.ca/)

[3] These recoveries represent amounts paid into the Insurance and Risk Management special account in respect of agreements or arrangements with participants, and amounts required to be paid into the account under regulations.

[4] This account is established under the *Special Appropriation and Control Act* effective April 1, 2004, for the purpose of providing for expenditures for the winding up of the loan and financial assistance programs under the *Home Conversion and Leasehold Loan Act, Home Mortgage Assistance Act, Home Purchase Assistance Act, Homeowner Interest Assistance Act* and Provincial Home accounts and guarantee claims paid under the mortgage assistance programs.

Appendices

Appendix A: Ministry Contact Information

Ministry Central Office
PO Box 9417 Stn Prov Govt
Victoria BC V8W 9V1
Phone: 250 387-3184

Minister's Office
Honourable Michael de Jong
PO Box 9048 Stn Prov Govt
Victoria BC V8W 9E2
Phone: 250 387-3751

Media Queries
Phone: 250 356-9872

Problem Gambling Help Line
For help in recognizing the warning signs of problem gambling and to get information on free programs, services and resources available to assist problem gamblers and their families:

Call 1 888 795-6111 or visit www.bcresponsiblegambling.ca
(confidential, free service available 24 hours/7 days, in multiple languages)

Tax Questions
For questions about British Columbia's Provincial Sales Tax, Motor Fuel Tax, Tobacco Tax, Carbon Tax, Tax on Designated Property and Residential Energy Credit and Rebate program:

Toll-free anywhere in B.C. 1 877 388-4440
Or email: CTBTaxQuestions@gov.bc.ca

Appendix B: Hyperlinks to Additional Information

Reports and Publications

- Budget and Fiscal Plan, Estimates, Public Accounts, Quarterly Reports, and Financial and Economic Review: www.fin.gov.bc.ca/pubs.htm
- For more information and other Ministry Service Plans and Annual Service Plan Reports, please visit: http://www.bcbudget.gov.bc.ca/default.htm
- For other reports and publications of the British Columbia Ministry of Finance, please visit: www.fin.gov.bc.ca/pubs.htm

Listing of Ministry Legislation: www.leg.bc.ca/PROCS/allacts/fin.htm

Gaming Policy and Enforcement: www.gaming.gov.bc.ca/

The Minister of Finance is also the Minister responsible for the following Crown corporations, Boards, Commissions and Advisory Committees:

Crown Corporations:

- B.C. Securities Commission: www.bcsc.bc.ca/
- B.C. Lottery Corporation: www.bclc.com
- Partnerships B.C.: www.partnershipsbc.ca/

Boards and Commissions

- Financial Institutions Commission: www.fic.gov.bc.ca/
- Financial Services Tribunal: www.fst.gov.bc.ca/
- Insurance Council of British Columbia: www.insurancecouncilofbc.com/PublicWeb/Home.html
- Public Sector Employers' Council: www.fin.gov.bc.ca/psec/
- Real Estate Council of British Columbia: www.recbc.ca/

Advisory Committees:

- Accounting Policy Advisory Committee: www.fin.gov.bc.ca/brdo/boardView.asp?boardNum=191095

B.C. Public Service Agency

Purpose of the Agency

The B.C. Public Service Agency provides human resource leadership, expertise, services and programs that contribute to better business performance of ministries and government as a whole.

Strategic Context

The B.C. Public Service is the largest corporate workforce in the province, serving all communities across British Columbia. From frontline workers to accountants and architects, researchers and analysts, information technology professionals and others, there is virtually no area of expertise unrepresented. Public servants provide a wide range of services to British Columbians such as health care, public safety, education, and environmental management, to name a few.

The B.C. Public Service Agency supports the work that these public servants do by providing human resource services such as hiring, payroll, labour relations and learning. In doing so, it helps ensure that the B.C. Public Service continues to have the right people to do that work.

This service plan includes the priorities and initiatives that were outlined in the Minister of Finance's mandate letter[9]. Additionally, the ministry is supportive of and compliant with the *Taxpayer Accountability Principles*[10].

The economy and shifting demographics

While the economy is showing signs of recovery, Canada remains in a period of fiscal restraint where public sector spending continues to decline as federal and provincial governments work to balance budgets and bring deficits under control. The reduction in public sector spending makes finding ways to deliver services in a more effective manner a high priority. In response, the B.C. Public Service has adopted Lean Six Sigma, a proven process improvement philosophy and methodology, to guide us in changing our business processes to eliminate steps that don't benefit our customers.

Changing demographics, such as an aging and increasingly diverse population, continue to influence employers in many ways. An aging workforce is contributing to rising benefits costs through factors such as higher benefit utilization, increased absenteeism and escalating health premiums. As benefits costs make up an increasing percentage of the total cost of employment, the B.C. Public Service is working to contain these costs through a proactive and preventative approach to supporting a healthy and productive workforce.

[9] The specific action items in the minister's mandate letter are included in this section and in specific strategies under the various goals outlined later on in the plan. For more information, refer to: http://www.gov.bc.ca/premier/cabinet_ministers/michael_dejong_mandate_letter.pdf

[10] For more information, refer to: http://www2.gov.bc.ca/gov/DownloadAsset?assetId=B613CF138959439D9A947CF3D586FE6B&filename=taxpayer_accountability_principles.pdf

While recent global economic influences have delayed the retirement of many baby boomers, a recovering economy is encouraging this cohort to exit the workforce in growing numbers. This exodus, when combined with fewer entrants to the workforce, will bring about both labour and skill shortages.

Statistics Canada predicts that by 2030, all net population growth in Canada will be due to immigration, indicating the Canadian public sector can expect increased diversity in both their workforce, as well as the citizens they serve.

Human resource planning priorities

The corporate human resource strategy,[11] *Being the Best 2014*, lays out a plan for building a better B.C. Public Service and transforming our organizational culture to create an employment experience that is not only engaging, but enables us to offer the citizens of British Columbia our very best. The three enduring goals within this plan to *Build our Internal Capacity; Improve our Competitiveness; and Manage for Results*, are supported by progress towards three cultural shifts where:

- We are a workforce of trusted professionals that embraces open communication, a collaborative work environment, and flexibility and choice in work styles and tools. This shift includes adopting Lean Six Sigma Thinking, a proven business improvement approach, to help us find new efficiencies, put employee ideas and leadership into action and broaden our repertoire of solutions. We are also increasing support for mobile and flexible work options to improve employee engagement and business results.
- We support diversity, professional development, and career aspirations of our employees. Embracing the diversity of our organization enables us to better meet citizens' expectations of accessing government services in diverse ways. An update to our corporate diversity strategy, *Reflecting Our Communities*[12], expands upon what the B.C. Public Service has accomplished to date and the plan for ensuring all our policies and procedures reflect the diverse communities we serve.
- We recognize that employees, health and work-life balance have an important influence on their professional success and productivity. This culture shift focuses on gaining a deeper insight from employees as to how we can support their health to develop improvements that will have the greatest benefit and meaning.

To ensure the most efficient use of our valuable human resources, the B.C. Public Service is implementing ways of supporting employee mobility across ministries in order to reduce costs, increase the capacity of our employees, and maintain critical services for the citizens of British Columbia.

Continuous improvement in service delivery

The Agency provides a fully integrated human resource delivery system and continuously looks for opportunities to provide more effective services, reduce overall costs of the human resource function in government and improve support for the goals articulated in the corporate human resource plan, *Being the Best 2014*. A model of continuous improvement has been adopted to refine our human

[11] For more information, refer to: https://gww.gov.bc.ca/sites/default/files/article/file/2014/0731/2014plan.pdf

[12] For more information, refer to: https://gww.gov.bc.ca/sites/default/files/pdf/diversity/reflecting-our-communities_2014-report.pdf

resource self service delivery model, and allow for the development of new products, services and expertise to meet growing expectations and the changing needs of our workforce.

Goals, Objectives, Strategies and Performance Measures

Goal 1: Provide high quality and innovative workforce solutions that enable the B.C. Public Service to deliver services expected and needed by British Columbians.

Objective 1.1: **Modernized, responsive and flexible management of human resources.**

Objective 1.2: **Informed and strategically aligned resources supporting the delivery of human resource services.**

Objective 1.3: **Focused and purposeful investment in human resources.**

Objective 1.4: **The goals of the corporate human resource plan for the B.C. Public Service, *Being the Best 2014*, are realized.**

Strategies

- Seek opportunities to refine the delivery of human resource services to align with leading practices, reduce HR transactional costs, improve service quality and redirect funding to specialized services.
- Conclude negotiations of public sector collective agreements in line with the B.C. Public Service Economic Stability wage mandate.
- Build on the success of the Lean B.C. initiative by leading a shift in our approach to Lean Six Sigma, from a focus on showcase Lean projects to more emphasis on continuous improvement in our daily work.
- Continue supporting implementation of the corporate diversity strategy, *Reflecting our Communities*, including a renewed focus on enhancing accessibility and engagement for people with disabilities.
- Keep investing in technologies to automate the capture and transfer of critical employee data to improve the efficiency and integrity of data management to support improved evidence based decision making and strategic workforce planning.
- Remain focused on delivering a health and productivity strategy that takes a proactive and preventative approach in supporting a healthy and productive workforce and avoiding B.C. Public Service benefit cost increases due to illness and disability.

- Implement the strategies outlined in the Corporate HR plan, *Being the Best 2014*, and develop a revitalized human resource strategy with an increased emphasis on succession planning, employee development and knowledge transfer to address the expected increase in retirements and shortage of skilled labour.

Performance Measure 1: Absences related to illness and injury days per Full Time Equivalent (FTE[13])

Performance Measure	2012/13 Baseline	2014/15 Forecast	2015/16 Target	2016/17 Target	2017/18 Target
Absences related to illness and injury per FTE[1]	9 days	9.1 days	9.1 days	9.0 days	8.9 days

Data Source: B.C. Public Service Agency.

[1] For the purpose of this performance measure, absences refer to short term illness and non-occupational injuries.

Discussion

The B.C. Public Service recognizes that where employees are supported to optimize their health, better customer service to the public is provided. However, a workforce with changing demographics and the rising prevalence of chronic disease in the population in general are challenges faced not only by the B.C. Public Service, but by all employers in British Columbia.

This measure identifies the number of days lost due to illness and injury. The number of days lost over the last several years has slowly increased but is stabilizing.

The B.C. Public Service continues to compare favourably against the Canadian provincial public sector average of 9.9 days and the federal public sector at 12 days[14]. The difference reflects our ongoing focus on health promotion and prevention services, at-work supports for employees with illnesses or injuries, and timely rehabilitation and return to work for employees who are off work due to an illness or injury.

The B.C. Public Service is committed to an emphasis on earlier interventions and services which are expected to have long-term positive impacts on employee health outcomes. Over time this will result in continued lower leave absences due to illness and injury despite changes in workforce demographics.

[13] One FTE is defined as an employee who works 1827 hours a year. This could be one full-time employee, or more than one part-time employee who collectively work 1827 hours. One employee who works overtime would proportionately increase the FTE calculation.

[14] Source of comparative information is Statistics Canada, CANSIM Table 279-0030, Absence rates of full-time employees, by sex and North American Industry Classification System (http://www5.statcan.gc.ca/cansim/a01?lang=eng)

Performance Measure 2 and 3: Workforce utilization

Performance Measure	2012/13 Baseline	2014/15 Forecast	2015/16 Target	2016/17 Target	2017/18 Target
Reduction in FTE utilization	27,326	26,600	26,500	26,500	26,500

Data Source: B.C. Public Service Agency.

Performance Measure	2012/13 Baseline	2014/15 Forecast	2015/16 Target	2016/17 Target	2017/18 Target
Auxiliaries as a percentage of the workforce	7.6%	6.5%	5%	5%	5%

Data Source: B.C. Public Service Agency.

Discussion

Full-time equivalent (FTE) staff utilization is projected to decrease from 26,600 in 2014/15 to 26,500 in 2015/16 based on the expectation that the additional seasonal wildfire FTEs required for the more extreme wildfire season in 2014/15 will not be required next fiscal.

The hiring of auxiliaries is intended to fill short-term business needs, either for an interim, cyclical or seasonal basis. Monitoring the proportion of auxiliaries in the workforce helps to ensure hiring levels support B.C. Public Service FTE utilization targets.

Resource Summary Table

Core Business Area	2014/15[1] Restated Estimates	2015/16 Estimates	2016/17 Plan	2017/18 Plan
Operating Expenses ($000)				
BC Public Service Agency	50,807	50,957	51,062	51,287
Benefits	1	1	1	1
Total	**50,808**	**50,958**	**51,063**	**51,288**
Capital Plan ($000)				
BC Public Service Agency	2	0	0	0
Total	**2**	**0**	**0**	**0**

[1] For comparative purposes, amounts shown for 2014/15 have been restated to be consistent with the presentation of the *2015/16 Estimates*.

*Further information on program funding and vote recoveries is available in the Estimates and Supplement to the Estimates.

Appendices

B.C. Public Service Agency Contact Information

Public Service Agency
810 Blanshard Street
V8W 2H2
PO BOX 9404 Stn Prov Gov't
V8W 9V1
Victoria BC

Phone: 250 952-6296

For more information on the B.C. Public Service Agency, please visit our website at:
http://www.bcpublicserviceagency.gov.bc.ca/

Legislation Administered by the Agency

Public Service Act
Public Service Benefit Plan Act
Public Service Labour Relations Act

The Public Sector Employers' Council and Employer Associations

Public Sector Employers' Council Secretariat
The Public Sector Employers' Council Secretariat (PSEC) supports government in setting and coordinating strategic directions in human resource management and labour relations for the broad public sector. PSEC is also active in the area of public sector pension plan management.

PSEC's authority is contained in the *Public Sector Employers Act*[15]. This authority includes administering and managing the development and implementation of labour relations policies and practices in the British Columbia public sector. In addition, PSEC supports the Minister responsible for PSEC in directing employers to create compensation plans for both excluded and executive employees that include compensation, wages, benefits and perquisites.

PSEC's authority related to pension plans is based on the *Public Sector Pension Plans Act*[16] and joint trust agreements. It includes representing government in its role as a partner in four plans[17], working with other partners involved in the plans to ensure the sustainability of the plans, monitoring government's risk exposure and providing policy advice to both government and public sector employers.

Current PSEC strategies to support government's management of public sector labour relations and human resources and to fulfill its role with respect to the four public sector pension plans include:

- Develop and maintain negotiating and executive compensation frameworks that incorporate government's fiscal, policy and program directions.
- Responsible for facilitating the Standards of Conduct as part of government's *Taxpayer Accountability Principles* to further strengthen accountability and improve the management of public funds.
- Continue to improve the quality and reliability of data to support negotiations plus excluded and executive compensation.
- Continue to expand strategic labour relations and pension capacity in the provincial government.
- Work with other plan partners and plan boards to accomplish the objectives of the Public Sector Pensions Framework.

Employers' Associations
The mandates and purposes of these associations include coordinating compensation, benefit administration, bargaining and labour relations within their respective sectors, as outlined in sections 6 and 7 of the *Public Sector Employers Act*.[18]

[15] For more information refer to: http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_96384_01.
[16] For more information refer to: http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_99044_01.
[17] The four pension plans contained in the act are: College Pension Plan, Municipal Pension Plan, Public Service Pension Plan, Teachers' Pension Plan. For more information see PensionsBC.ca
[18] For more information refer to: www.bclaws.ca/Recon/document/ID/freeside/00_96384_01#section6

Each of the employers' associations has a governance structure as follows:

- British Columbia Public School Employers' Association (BCPSEA) is currently administered by a government-appointed trustee.
- Crown Corporations Employers' Association (CCEA) has a board of up to 11 directors. Eight of its members are elected or appointed from among member employers; two are appointed by the provincial government; and the Chair is elected from Chief Executive Officers of member employers.
- Community Social Services Employers' Association (CSSEA) has a board of up to 11 directors. Up to seven of these directors are appointed by representatives of social service agencies; one is appointed by Community Living British Columbia; and up to three are appointed by the provincial government.
- Health Employers Association of British Columbia (HEABC) has an 11-person board. Six of its members are appointed from the health authorities; two by the provincial government; and one each from proprietary care providers, affiliated care providers and denominational care providers.
- Post-Secondary Employers' Association (PSEA) has a 10-person board. Six of its members are elected annually from member employers; two are appointed by the provincial government; and two non-voting members are the Chair and Vice-chair of the PSEA's Standing Committee on Human Resource Practices.
- University Public Sector Employers' Association (UPSEA) is the research university sector level association and is governed by a Memorandum of Understanding signed by the Presidents. The membership of UPSEA is the six university presidents or their designate and two senior provincial government representatives.

Funding to four of the employers' associations: BCPSEA[19], CSSEA[20], HEABC[21], and PSEA[22] is provided by the Public Sector Employers' Council Secretariat.

Forecast Employer Association Expenditures [23]

Forecast Expenditures ($000)			
2014/15	**2015/16**	**2016/17**	**2017/18**
23,936	24,229	24,063	24,413

[19] www.bcpsea.bc.ca
[20] www.cssea.bc.ca
[21] www.heabc.bc.ca
[22] www.psea.bc.ca
[23] Expenditures are total forecast expenditure of employer associations included in the government reporting entity and are funded through transfers from government, membership dues, and other sources.